The Quarterly Meeting of the Board of Trustees of the Carbon Water Conservancy District was held Tuesday October 15, 2024 in the Downstairs Conference Room at the Carbon County Administration Building, 751 East 100 North, Price, UT 84501.

Present:
Jon Richens, Trustee, Chairman
Christian Bryner, Attorney
Gordon Odendahl, Clerk
Russell Seeley, Trustee
Daniel Allen, Trustee, Vice Chairman
Keith Cox, Trustee, Treasurer

Also Present:
R.J. Davis, Dam Tender
Doug Rasmussen, Finance Director
Bryan Schmutz, USBR
Bill Butcher - PRWUA
Larry Jensen – Carbon County Commissioner
Shanny Wilson – Carbon County Economic Development
Bobby Houston – Intermountain Electronics
John Houston – Intermountain Electronics
Dave Horsley, Utah Division of Water Rights (Remote)

Excused:
Brad Timothy, Trustee
Derris Jones, Assistant Dam Tender
Janelle Jensen, Assistant Finance Director

1. Open Meeting and Introduction of Guests.
   Chairman Richens opened the meeting at 3:00 PM and thanked everyone for their attendance. Chairman Richens asked everyone in attendance to introduce themselves for the benefit of the guests in attendance.

2. Review and Possible Approval of Minutes from Meetings on 7/16/2024, 9/3/2024 and 10/2/2024.
   There were no comments or concerns about the minutes. Trustee Allen made a motion to approve the minutes of the Quarterly Meeting on 7/16/2024 as written. Trustee Cox seconded the motion, and the motion was approved unanimously. Trustee Cox made a motion to approve the minutes of the Special Meeting on 9/3/2024 as presented. Trustee Allen seconded the motion, and the motion was approved unanimously. Trustee Allen made a motion to approve the minutes of the Special Meeting on 10/2/2024 as written. Trustee Cox seconded the motion, and the motion was approved unanimously.

3. Dam Tenders Report – RJ Davis.
   Dam Tender RJ Davis stated the elevation of the reservoir is currently 7,611.1 ft which is 48,535 acre ft. of storage. This correlates to 73% of active capacity. We are currently releasing 75 CFS of water. Mr. Davis reported that our Security Review is done and the Site Survey has been completed, but we are still waiting for the formal reports to be sent out to us from the USBR.

4. Public Comments on Matters Concerning Carbon Water Conservancy District
   Note: Public Comments will be limited to 2 Minutes per Person. Public Comments or Requests from the Public may not be voted upon by the CWCD Board at this meeting because they are not listed as Agenda Items for the current meeting.

   There were no comments from the public.

6. Upcoming project - Community Development Project Area Plan, West Price Travel and Tourism Community Development Project Area.

   Chairman Richens announced that we would skip Agenda Item 5 temporarily and move on to Agenda Item #6. Chairman Richens stated that he recently attended a meeting named the Price City Taxing Entity Committee Meeting. Present at the meeting were officials from Price City, Carbon County School District and Price River Water Improvement District. The subject of the meeting was possible future tax incentives for the business group that owns the Holiday Inn. The group has plans to build one or possibly two more hotels in Price. The ownership group (Price Hospitality Group) currently has a purchase agreement to purchase property near JB's Restaurant, but the grade needs to be increased above the floodplain before this property will be acceptable for building. CWCD along with other taxable entities participated in the Community Development Opportunity Plan when the Holiday Inn was built. The business group would like to enter into a similar agreement with the taxing entities for the new hotel(s) they plan on building. There will be a formal presentation in the near future concerning possible tax incentives to help the owners with the development of the project. Chairman Richens stated that this is not yet a formal notice, but he wanted to advise the trustees that this project would be coming up soon so they could be thinking about it. Carbon County Commissioner Larry Jensen stated the County is in favor of the project in concept, but the project has not yet been formally approved yet. Chairman Richens stated with the past project, there were several different payment rates, so this time around Price City is asking to simplify the agreement and hopefully all the entities involved could agree on one repayment rate. Commissioner Jensen stated that they have asked the ownership group to provide financial information showing if they are unable to make the project work without incentives, then what would it take to make the project work. Trustee Seeley asked what the projected timeline would be. Commissioner Jensen stated that they hoped to be starting the project at the end of the year. They hope to have the first hotel in operation within 2 years. The second hotel will probably be 5 to 7 years before completion.

7. Discuss and Possible Approval of costs to develop B2W funding request application request for enclosing the Carbon and Price/Wellington Canal per the in-progress EIS.

   PRWUA President Bill Butcher told the group that he has been working to get a federal grant to cover 100% of the costs to enclose both the Carbon and Price/Wellington Canals. He has been working with Monique from Horrocks Engineers to develop a plan for the application process for the EIS. Mr. Butcher stated that he thinks the engineering and application work will cost in the neighborhood of $10,000.00. Mr. Butcher stated that it would be greatly appreciated if CWCD could help financially with this work from Horrocks.

8. Discuss and Possible Approval of costs to develop B2W funding request application for the Lower Basin Reservoir per the in-progress EIS.

   PRWUA President Bill Butcher noted that similar work may be required to have CWCD as the sponsor for the Dam, Outlet Works, etc., and since the applications and documentation will be similar, there may be a cost savings by having Monique from Horrocks Engineers prepare both documents at the same time. Then PRWUA and CWCD could share the costs. Mr. Butcher felt that if both documents were prepared independently the cost would approximate $10,000.00 each, whereas if Horrocks were able to work on both together the cost may be $12,000 to $15,000 combined. Trustee Seeley stated that although funding is not a sure thing, if PRWUA was able to secure 100% funding for enclosing the two canals, it would be a great thing and be a substantial savings on what would be required to fund 25% the complete project with local funds. Trustee Seeley stated he would be inclined to support the idea and for CWCD to help with the additional Engineering costs for the EIS. Trustee Allen also stated that he would concur with Trustee Seeley's comments of support, although Trustee Allen stated that it would be nice if we could have a specific number for the costs involved. Trustee Allen noted that time was getting short for the November application deadline. Mr. Butcher stated the funding request for the combined efforts came under Bucket 2E for Environmental Drought Mitigation, but piping the canals falls under the Bucket 2W for Water Conservation which has not been announced yet, but he feels the deadline will be in December sometime and the approval if awarded may happen within 60 days or so after it is submitted. Chairman Richens asked Mr. Butcher if he would get some firm numbers from Monique and he would do the same for CWCD and hopefully we will have answers in time to make a decision on these two items in our December meeting. Chairman Richens announced that we would table Agenda Items 7 and 8 until the December Meeting when we have more information.

5. <u>Presentation from Intermountain Electronics on Further Expansion.</u>

Chairman Richens stated that we will now jump back to Agenda Item #5 for the presentation from Intermountain Electronics. Commissioner Larry Jensen Introduced both Mr. John Houston, Chairman of the Board and Mr. Bobby Houston CEO, of Intermountain Electronics, Inc. Commissioner Jensen stated that IE's Tax Incentive Program was approved 4 years ago. They have completed some of the expansion and just recently were able to purchase the final piece of property needed to complete the planned expansion. Commissioner Jensen stated that the Tax Incentive program has already been approved, but with the recent property addition and upcoming construction, we need to give them credit for the whole project. What is needed now is to amend the Incentive Package to allow for additional time to complete the expansion project. The Tax Incentive program originally was to start in 2023. We need to extend the start date by 4 years so Intermountain Electronics will be able to get full credit for all of their original expansion project including the upcoming portion of the expansion that was delayed due to unforeseen circumstances. There will not be any difference in the taxes that will be paid or given back. Mr. John Houston stated that between COVID and the time required to acquire all the necessary pieces of property, the start date was delayed by 2½ years and the completion date is now going to be 4 years past the original start date. Trustee Allen asked to clarify that we were not changing any of the terms of the agreement we have already approved other than just the timing of the agreement. Commissioner Jensen and Mr. Houston both replied that that was correct. Only the dates will be changed in the agreement. Chairman Richens asked if the county or someone would be presenting us with a formal agreement that we could vote on in a future meeting. Commissioner Jensen replied "Yes". Mr. Bobby Houston said the purpose of them being at this meeting was to update us on the progress of their expansion project and what the economic impacts have been so far. Mr. Houston stated they realize that we have made an investment in them (Intermountain Electronics) and they want us to know how this agreement has and is benefitting the economy in Carbon County. Mr. Houston stated they have tried to continue the relationships that have been developed with local vendors during the growth of the business. They have also invested significant efforts with Carbon High School, Emery High School and USU Eastern on developing meaningful internships and training opportunities in an effort to provide good career opportunities so our home grown graduates don't always have to go somewhere else after graduation to make a good living. They will also need to bring new employees in from outside the area to keep up with their needs. In the past 5 years they have spent $36,000,000 on the expansion and are anticipating to spend $40,000,000 in the next 2 years for buildings and equipment. The next phase will increase manufacturing floorspace by 240,000 square feet. John Houston announced that they recently purchased the Lowdermilk Property near Helper and there will be additional expansion on that property as well that is not included in the $40,000,000. Bobby Houston informed the group that some large testing facilities are planned for the newly acquired property which will require significant infrastructure improvements, possibly 40 megs of power. They are working with Rocky Mtn. Power to try to find ways to get the required power to the new facilities. Production capacity is already fully booked until the end of 2026 and their customers are also working with them to help increase their future capacity. Commissioner Jensen noted that we are not just talking about tax revenues that will be increased by this expansion, but this will bring additional jobs to the area as well. Bobby Houston stated the original agreement was that the incentive package was to increase the number of jobs by 286 over 15 years. They have created over 200 new jobs (net) since 2019 so they are confident that they will easily meet that commitment. He thinks that 500 new jobs created is not an unreasonable estimate of new jobs created by this expansion. The PowerPoint presentation is attached to these minutes.

9. Discuss and Possible Approval of 3rd Qtr. 2024 – YTD Financial Statements - Doug Rasmussen – Janelle Jensen.
   Finance Director Doug Rasmussen reviewed the Financial Statements for the period ending September 30th 2024. The Balance Sheet, Combined Profit & Loss Statement, Profit & Loss by Fund (Class) and the Profit and Loss Statement (Budget vs Actual) were all presented and reviewed. Mr. Rasmussen stated the YTD Revenues are approximately $192,000, YTD Expenses are approximately $114,000 leaving a Net Income of approximately $77,000. Trustee Allen noted the Financial Statements looked good to him, but he asked Mr. Rasmussen if anything looked unusual or out of the ordinary. Mr. Rasmussen replied no, that everything looked normal to him. Trustee Seeley made a motion to accept the 3rd Quarter 2024 Financial Statements as presented. Trustee Allen seconded the motion. The motion was passed unanimously.

10. Review and Discuss Current 2024 Budget - Doug Rasmussen - Janelle Jensen.
    Finance Director Doug Rasmussen stated the only item that needs to be addressed will be to amend the budget in our December 2024 Meeting as we have done in past years. Mr. Rasmussen stated that when we met to prepare the 2025 Budget, we believe that all budget items appear to be in line for the year, except because of the fund balance limitations we will need to transfer additional funds to the Capital Projects Fund in order to stay in compliance with the State of Utah requirements for General Fund Balances. Mr. Rasmussen noted that the General Fund is limited to the total amounts of 100% of the Property Tax plus 100% of the Current Budget, so we will need to amend this year's budget in our December meeting to allow for the transfer of additional funds to the Capital Projects Fund. Mr. Rasmussen stated we think that we may need to raise this amount to $359,000. Chairman Richens asked about the upcoming Gate Replacement we are working with the BOR on and even though replacing the gate that is 80 plus years old seems to be a maintenance issue, he asked if we could pay for these costs with Capital Projects funds. Mr. Rasmussen stated yes, that we could use

Capital Project Funds for this type of project as long as the board approved using the funds for that purpose. This is especially true if the maintenance is a project such as the gate replacement where the costs are expected to be large. Mr. Rasmussen stated that he wanted to make the board members aware that this change will need to be addressed in December. Trustee Seeley asked about the $200,000 in the current budget. We amended the budget for this same purpose last year. Trustee Seeley asked for clarification on the limitations for the General Fund Balance. Mr. Rasmussen stated that the state does not want excessive funds sitting in the General Fund, so we are required to transfer those excess funds to be in reserve for future Capital Projects. The state also does not want organizations to just play the game of transferring funds to Capital Projects. We also are required to have actual projects planned and legitimate uses designated for the Capital Projects Fund and we currently do meet all of these requirements. Chairman Richens stated that we will table the discussion on amending the budget and take care of this in the December Meeting.

11. <u>Review, Discuss and Possibly Approve Tentative 2025 Budget - Doug Rasmussen - Janelle Jensen.</u>
Finance Director Doug Rasmussen reviewed the Tentative Budget for 2025. Mr. Rasmussen stated the budget is similar to the 2024 budget with a few changes based on anticipated expenses. Clerk Odendahl reviewed the line items that had anticipated changes including increases in Legal Fees due to our participation in the ongoing Lawsuit between PRWUA and Sanpete WCD and also anticipated legal advice based on our participation in the Lower Basin Reservoir project. The Gate and Actuator expenses from this year's budget were brought forward and again included in the 2025 budget since is seems unlikely those items will be completed this year. Mr. Rasmussen also noted that an additional item was created for Engineering Costs. Clerk Odendahl stated that anticipated Interest Income is projected to decrease next year due to declining Interest Rates. Chairman Richens stated that the quote we have from USBR to replace the Gate is for $368,000 (not to exceed). Chairman Richens asked USBR Laison Officer Bryan Schmutz how payment would be expected for this. Mr. Schmutz stated that the total amount would need to be paid in full upfront before the project could be started, then any unused funds would be returned after completion. Chairman Richens asked that we add the Gate Replacement cost to the budget in the amount of $369,000. Chairman Richens also asked that we revise the Income from Water Leases down to $20,000 as we expect the reservoir to be full once again next year which would probably keep the annual cost per share near what it was in 2024. Trustee Seeley asked if the budget included a raise for the staff. Mr. Rasmussen stated there was room in the budget if the Board so desired. Trustee Seeley also asked about hiring a General Manager as was discussed in a previous meeting should we get to the point where this would be necessary because of the additional work that would be required for the duties involved if the Lower Basin Reservoir should become a reality. Finance Director Rasmussen stated that usually these type of budget changes where it is not a certainty if the expense will happen or not are usually handled by amending the budget when the expense becomes a reality. We would then amend the budget at that time. Mr. Rasmussen cautioned the group though, that if something like this does occur, then we would need to amend the budget at the time the decision was made. We couldn't just wait until November or December to amend the budget. Trustee Allen made a motion to tentatively adopt the Tentative Budget as presented and attached. Trustee Cox seconded the motion and the motion was approved unanimously.

12. <u>Discuss and Possible Approval of Fraud & Risk Assessment.</u>

Finance Director Doug Rasmussen presented the Fraud & Risk Assessment along with copies for those in attendance. Mr. Rasmussen stated there are no changes in the 2023 Assessment and the score of this year's Assessment is 365 Points. Trustee Allen asked if we already formed an Audit Committee. Chairman Richens stated that yes, we did appoint an Audit Committee (#9 on the List) and the committee meets during the year, but we do not have a formal Internal Audit Function (as listed in question #8). Trustee Cox made a motion to approve the Fraud & Risk Assessment as presented. Trustee Allen seconded the motion, and the motion was approved unanimously. A copy of the Fraud & Risk Assessment is attached.

13. <u>Discuss and Possible Approval of Continued Participation and Costs of Cloud Seeding Program.</u>
Chairman Richens read through the letter we received just last Friday concerning the Cloud Seeding Program for the 2024/2025 water year. Due to recent Inflation, the cost for this years' service has increased by 3% to $14,349.00. Trustee Allen spoke in favor of the Program stating that we have received presentations in the past several years and we either believe the science or we don't. Trustee Seeley stated if it does for us what it did in previous years concerning snowfall then he is in favor of supporting it. Chairman Richens stated that the neighboring counties were all using it and he believes it is a good thing as well. Trustee Cox made a motion to approve payment of the Cloud Seeding service for the amount listed on the invoice of $14,349 from Utah Water Resource Development Corp. Trustee Allen seconded the motion, and the motion was approved unanimously.

14. <u>Discuss Scofield Spillway Repairs and Possible Approval of Task Order for Spillway Repairs.</u>
Chairman Richens reported that he had spoken with James Sheridan from USBR about the required repairs. Based on time constraints due to weather, software changes at USBR and the end of the fiscal year for the USBR, these repairs will not be able to be done until Spring 2025. Chairman Richens stated he had emailed the proposal to the trustees recently so they could be prepared to discuss the project. Trustee Allen stated asked if we were required to pay this in full even though the work will not be completed until Spring. Chairman Richens stated "yes" we will need to pay when we get the invoice from USBR (after they get their new system working) and then the USBR will make the repairs in the Spring. Chairman Richens stated that USBR will pay for 1/3 of the cost due to some past construction concerns and we will need to pay for the balance. CWCD's portion will be $10,359 and USBR will cover $5,179 of the total. Chairman Richens stated that CWCD's portion of the cost will be subject to Cost Sharing with PRWUA and he has also shared the proposal with Bill Butcher so this will not come as a surprise to PRWUA. Trustee Allen made a motion to approve payment of the Task Order as presented. Trustee Cox seconded the motion, and the motion was approved unanimously.

15. <u>Review and Possible Approval of Draft Watershed Agreement with NRCS.</u>
Chairman Richens stated that he had emailed a copy of the Draft Agreement to the Trustees for their Consideration. Chairman Richens noted that he has spoken with Monique Robbins from Horrocks Engineers and she told us not to sign the agreement because the second page with the specifics is not filled out yet, as this is just a template of a typical agreement. Trustee Allen stated that he has read through the agreement, but it basically says nothing. Chairman Richens stated that we would table signing the agreement until it was complete, but he would forward the document to Parsons Behle & Latimer for their review and suggestions. Trustee Allen asked if we should make a commitment to show our support and agree to become the sponsor since we had a special meeting to discuss the project and decide if we were going to support the project. Attorney Christian Bryner

stated that it would be good to make our support official in the form of a motion to agree to the concept of the agreement in general pending final approval of the completed agreement. Trustee Seeley made a motion to generally support the project as sponsor pending further review of the documentation and approval of the final report. Trustee Cox seconded the motion, and the motion was approved unanimously.

16. Report on Ongoing Business Matters or any New Business.

a. Security System Project Update (Reclamation)
USBR Laison Officer Bryan Schmutz reported that there is nothing new to report. The request for funding is still in progress but due to the blackout for the new software system and end of fiscal year issues, things are on hold for another few weeks.

b. Price River Water Resource Committee Update
Trustee Seeley stated that after our recent meetings with NRCS and others, we were all aware of the current status of the project. Chairman Richens stated the October Meeting of the PRWRC was cancelled so we will wait to see what happens in November.

c. USBR Survey of Scofield Dam
Chairman Richens stated we recently received an email from USBR saying that we passed and they asked RJ to measure the staff gauge and we were off 1/10$^{th}$ of a foot which is closer than the last measurement. Chairman Richens stated the only information we have so far is this email message.

d. Piezometer Automation – Report on Response from USBR Denver Office for Safety of Dams
USBR Laison Officer Bryan Schmutz reported that he has not heard from anyone in Denver. Mr. Schmutz said the ball is in the USBR's court. They are working to find funding and then they will be in touch with the Instrumentation people in the Provo Office. Chairman Richens asked Mr. Schmitz if it would be ok with Bryan for him to ask for an update, and Mr. Schmitz said no problem.

e. Engineering Work by USBR on Regulating Gate and Actuator
Chairman Richens stated he sent an email asking about this but it was at the last minute and with the federal holiday yesterday he has not heard back. He told the group he would pass along any information he gets concerning this matter.

f. Update on Installation of USGS Flow Meter below Scofield Dam and Progress on Performance and Calibration of Lower Device near Golf Course
Chairman Richens stated that both Flow Meters are now installed. There is still a lot of work to be done to on the calibration but Chris Wilkerson is working with Derris on this and coordinating the different readings as the flows change.

g. Other Ongoing or new Items of business to discuss
Chairman Richens asked if there were any other issues to discuss. Trustee Allen asked if there has been any progress working with UDOT on safety measures to help prevent traffic accidents on or around the dam. Chairman Richens stated that in August we heard that UDOT is planning for road improvements. USBR Laison Officer Bryan Schmutz said he would follow up with UDOT and see if there is any updated information and try to find out what is planned and then report to Chairman Richens. There was no other business to discuss.

17. Open and Public Meeting Training Act Annual Training. – Christian Bryner.

CWCD Board Attorney Christian Bryner Presented a 20 minute training program that he had tailored for Carbon Water Conservancy District based on the type of issues we typically deal with. Those meeting attendees who stayed for the training were: Chairman Jon Richens, Vice Chairman Daniel Allen, Treasurer Keith Cox, Trustee Russell Seeley, Finance Director Doug Rasmussen, Clerk Gordon Odendahl and Attorney Christian Bryner. A copy of the training session outline and notes is attached to these minutes.

15. Adjourn Meeting.

Chairman Richens asked if there was any further business to discuss. There was no further business. Trustee Allen made a motion to Adjourn the meeting. Trustee Cox seconded the motion and the motion was approved unanimously. Chairman Richens declared the meeting closed at 4:54 PM.

J. T. R.
Chairman

Daniel D. Allen
Vice Chairman